June 20, 2017

Joseph Price
Senior Vice President and Counsel
FINRA
Corporate Financing/Advertising Regulation

Re: Regulatory Notice 17-14

Dear Mr. Price,

I am writing today on behalf of Ouisa Capital, LLC ("Ouisa") in response to the Financial Industry Regulatory Authority's ("FINRA") Regulatory Notice 17-14 - Request for Comment on FINRA rules impacting capital formation. Ouisa is a financial technology ("FinTech") company and broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and FINRA. Ouisa is the operator of an alternative trading system ("ATS") that plans to use blockchain technology as part of the operation of the ATS. Ouisa's comments in this letter pertain only to FINRA's funding portal rules and FINRA Rule 6432.

Background

I would first like to express gratitude to FINRA and its staff for the time and effort that has been dedicated to engaging with the public and market participants to assess and adopt the most effective rules and regulations, particularly surrounding the Jumpstart Our Business Startup Act ("JOBS Act"). In both my current role with Ouisa and previous roles with other member organizations, as a Founding Member and as the First Co-Chair of the Crowd Funding Intermediary Regulatory Advocates ("CIFRA"), as a founding member of Crowd Funding Professional Association ("CFPA"), my experiences with FINRA and the SEC have been overwhelmingly positive. Both organizations have been open, engaging, and committed to educating and informing market participants and other interested parties throughout the rule-making process.

The JOBS Act was an overwhelmingly bipartisan bill that was the culmination of several individual bills, designed to make capital formation more accessible to entrepreneurs and businesses in order to help facilitate job creation and economic growth. As part of the JOBS Act, Congress created a new exemption from registration under the Securities Act of 1933

("Securities Act") for qualified crowdfunded transactions.

In 2015, the SEC adopted Regulation Crowdfunding ("Regulation CF") to implement the requirements set forth in the JOBS Act. Under Regulation CF, a qualifying transaction must be conducted through a registered broker or a registered funding portal that fulfills obligations in connection with the transaction, including providing risk disclosures to investors and taking measures to reduce the risk of fraud. Among the other requirements are specific fundraising thresholds placed on issuers and investors. Regulation CF permits a company issuing securities to raise a maximum aggregate amount of $1,070,000 in a twelve-month period. Investors are similarly limited in the amounts they are permitted to invest through crowdfunding portals depending on provided annual income and net worth calculations.

Recommendations

Issuer Fundraising Threshold

Ouisa believes RegulationCF functions well for funding portals, but the limitations and requirements placed on issuers are uneccesarrily restrictive. The threshold placed on issuers is too low to drive the investment desired with the bi-partisan passage of the JOBS Act. The regulatory obligations of Regulation CF such as the audit requirements and individual state approvals are costly for many entities considering crowd fund investing and can often take up a significant portion of the funds raised through a portal.

We recognize that Regulation CF, as adopted by the SEC, is not a matter that can be addressed by FINRA. However, we believe that FINRA possesses an important voice in the discussion of how to improve Regulation CF. We encourage FINRA to take whatever steps possible to assist in raising the fundraising threshold.

As noted Congressman Patrick McHenry, Vice Chairman of the House Committee on Financial Services, in a recent letter to the SEC, "many businesses cannot justify the time and cost of a Regulation CF offering for the relatively small amount of capital that can be raised." The current threshold of $1,070,000 is too low for many businesses in need of funding considering the regulatory burden involved. As Congressman McHenry notes, the mandated third-party costs to the issuer, including payments to the funding portal, escrow agents, and others, take up a significant portion of the current threshold. These requirements help to create powerful disincentives to participation in crowdfund investing, which we believe has the potential to be a powerful fundraising tool if properly executed.

Ouisa believes it is critical that the issuer threshold be raised in order to achieve the goals of the JOBS Act. Raising the funding threshold of Regulation CF will help incentivize more companies to take part in crowdfund investing. This will help to attract more diverse and mature businesses and lessen the risk involved with crowdfund investing as it becomes an option for not just small companies. We also believe that any risks associated with a higher threshold are minimal and are likely outweighed by the potential benefits of increased participation. Further, crowdfund investing helps to bring more visibility to companies seeking to funds, in turn exposing them to a

greater number of investors. Ouisa encourages FINRA to use its position in the regulation of securities to help pursue the increase of issuer thresholds under Regulation CF.

Ouisa appreciates FINRA's role in protecting the investing public and the maintenance of fair and orderly markets through the regulation of broker-dealers that are FINRA members. We encourage FINRA to raise with the SEC the possibility of increasing the issuer threshold on a twelve month pilot basis to evaluate whether the increase achieves the desired effect of imncreasing capital formation while protecting the investing public from unscrupulous issuers that could use Regulation CF for nefarious purposes. At the conclusion of the pilot program, the SEC, FINRA, and Congress can evalunate the impact of the increase in the issuer threshold.

Funding Portals versus Broker-Dealers

Ouisa further believes it is important that the activities of funding portals continue to be limited to the boundries set forth in the JOBS Act and Regulation CF. As I have previously noted in my testimony before the U.S. House of Representatives Committee on Financial Services, Crowdfunding portals were designed to help democratize capital formation while having limited capabilities when compared to boker-dealers that are registered with the SEC and FINRA. If funding portals want to engage in broker-dealer activities, they should be required to register with the SEC and FINRA as broker-dealers. Crowdfunding portals should not be permitted to engage in activities that have been historically reserved for broker-dealers without proper registration, given the distinct roles they play in the capital formation process.

Broker-dealers play an important role in the financial services industry and have many limitations placed on their activity through SEC and FINRA rules and regulations. They also benefit from regulation by state regulatory agencies. Allowing crowdfunding portals to blur the line between their role as set forth in the JOBS Act and Regulation CF and that of registered broker-dealers threatens to defeat the purpose of the regulations developed to supervise the activities of broker-dealers. These are important regulations put in place to both protect consumers and create orderly markets. We believe it is important that FINRA consider the valuable distinction between funding portals and registered broker-dealers as it continues to develop its regulations. Further, we believe the most successful crowdfundings have been done using a portal that is a broker-dealer or is affiliated with a broker-dealer.

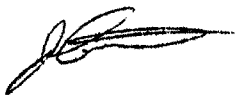
FINRA Rule 6432

As Ouisa has stated previously in a letter to the SEC, Rule 15c2-11 has played an important part in curtailing the level of fraud in microcap securities. We believe, however, that the Rule is due for a meaningful review and amendment in light of the passage of the JOBS Act and the adoption of Regulation A+. Currently, the market maker that compiles information required to comply with Rule 15c2-11 and that files the Form 211 is not compensated by the issuer of the securities or the other market makers that piggyback on its Form 211 filing, creating a free rider problem. Regulation A+ will more than likely produce an increased number of securities subject to Rule 15c2-11, and without changes to the piggyback exception, could lead to a substantial increase in the number of microcap securities manipulated by nefarious issuers and market

makers. We believe that FINRA has an important voice on this issue and should encourage the SEC to engage in a review of Rule 15c2-11 in light of these developments.

We greatly appreciate the opportunity to provide our comments on this matter. If Ouisa may be of any further assistance to you, please do not hesitate to contact us at the above address or at 646-595-1737 or our counsel Richard B. Levin of Polsinelli PC at 202-772-8474.

Very Truly Yours,



Vincent R. Molinari
Chief Executive Officer

Joseph K. Latona

cc: Robert Cook, President and CEO, FINRA
cc: Robert Colby, Chief Legal Officer, FINRA